

LNF & IHCIF Calculations Illustration **- NARRAGANSETT in Nashville area -**

Given Data

- 687 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 118.6% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 95.9% = Nashville area cost index for health status above or below average

Cost Adjustment Calculations

- \$3,180 per person for purchased services = $90\% * 118.6\% * \$2,980$
- \$404 per person for in-house services = $10\% * 135.7\% * \$2,980$
- \$3,584 per person total = \$3,180 (purchase) + \$404 (in-house)
- **\$3,438 per person total** adjusted for health status = $\$3,584 * 95.9\%$
- **\$2,693 per person net cost** = $\$3,438 - \745 Other resources (M&M&PI)

Existing Expenditures (for 687 users excluding wrap-around and collections)

- \$2,378 per person = local IHS allowance (excludes \$ for wrap-around)
- \$154 per person = expenditures elsewhere in Nashville area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$2,586 per person for OU users** = $\$2,378 + \$154 + \$54$

LNF Calculation

- **75.2% Gross LNF** = $\$2,586$ (expenditures) / $\$3,438$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **96.0% Net LNF** = $\$2,586 / \$2,693$ net cost ($\$3,438 - \745 other)

IHCIF Allocation

- \$0 = \$ to raise LNF% from 96.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$0 Allocation** = \$0 needed for 60% * 3.488% IHCIF fraction

NARRAGANSETT Unmet Needs

- **\$1,850,298 Net Total Need** = 687 users * \$2,693 net cost
- **\$73,536 Net Unmet Need** = $(100\% - 96.0\% \text{ LNF}) * 687 \text{ users} * \$2,693 \text{ net cost}$